

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2007-155-C - ORDER NO. 2007-586
AUGUST 17, 2007

IN RE:	Application of Inter-Tel NetSolutions, Inc. for)	ORDER GRANTING
	a Certificate of Public Convenience and)	CERTIFICATE AND
	Necessity to Provide Resold Local Exchange)	APPROVING FLEXIBLE
	Telecommunications Services and for)	REGULATION
	Flexible Regulation)	

This matter comes before the Public Service Commission of South Carolina (“Commission”) by way of the Application of Inter-Tel NetSolutions, Inc. (“Inter-Tel” or the “Company”) requesting a Certificate of Public Convenience and Necessity authorizing it to provide resold local exchange telecommunications services within the State of South Carolina. The Company’s Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 2006) and the rules and regulations of the Commission. By its Application, Inter-Tel also requests flexible regulation of its local exchange service offerings pursuant to Order No. 98-165 in Docket No. 1997-467-C, and waiver of certain Commission regulations.

The Commission’s Docketing Department instructed Inter-Tel to publish, one time, a Notice of Filing in newspapers of general circulation in the areas of the state affected by the Application. The purpose of the Notice of Filing was to inform interested parties of the Application of Inter-Tel and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. Inter-Tel complied with this

instruction and provided the Commission with proof of publication of the Notice of Filing. A Petition to Intervene was filed by the South Carolina Telephone Coalition (“SCTC”). Subsequent to the intervention, Inter-Tel and SCTC reached a Stipulation, attached hereto as Order Exhibit 2.

Subsequently, Inter-Tel and ORS filed a Settlement Agreement attached hereto as Order Exhibit 1. A hearing was convened on July 30, 2007 at 11:30 a.m. in the offices of the Commission in Columbia, South Carolina, before David Butler, Hearing Examiner. Inter-Tel was represented by Scott Elliott, Esquire. The Office of Regulatory Staff (“ORS”) was represented by Shannon Bowyer Hudson, Esquire. The South Carolina Telephone Coalition did not appear at the hearing.

Harding Easley, Regional Director of the Company, appeared and testified in support of the Company’s Application. Mr. Easley adopted the prefiled testimony and exhibit of Jon Brinton, Vice-President and General Manager of the Company. The record reveals that Inter-Tel is incorporated in Texas and has registered to transact business in South Carolina as a foreign corporation. According to Mr. Easley, the Company seeks authority as a reseller of local services. Mr. Easley explained the Company’s request for authority, and the record further reveals the Company’s services, operations, and marketing procedures. Mr. Easley also discussed Inter-Tel’s technical, financial, and managerial resources to provide the services for which it seeks authority. Mr. Easley offered that Inter-Tel possesses sufficient financial resources to support its operations in South Carolina. Inter-Tel already possesses interexchange authority, pursuant to Commission Order No. 97-300, dated April 10, 1997.

Mr. Easley discussed, under questioning by the Hearing Examiner, a portion of the 10-K form submitted as an exhibit to the prefiled testimony (Hearing Exhibit 3) which described the circumstances behind a debarment of one of Inter-Tel's subsidiary corporations from the Federal Universal Service Fund E-Rate program for a one-year period. Mr. Easley noted that the debarment was applicable only to the Inter-Tel Technologies subsidiary, and was not applicable to Inter-Tel NetSolutions, the Applicant in this case, or any other Inter-Tel company. The 10-K form supported this testimony.

With regard to management and technical capabilities, the Company's Application and Mr. Easley's testimony both evidence that Inter-Tel's management has extensive experience in telecommunications, information technology, regulatory matters, and accounting and finance. Mr. Easley also testified that Inter-Tel will operate in accordance with Commission rules, regulations, guidelines, and Commission Orders. Mr. Easley offered that approval of Inter-Tel's Application would serve the public interest.

Mr. Easley, on behalf of the Company, requests a waiver of 26 S.C. Code Ann. Regs.103-610, since the Company's books are maintained in Arizona. Further, the Company requests an exemption from record keeping policies that require maintenance of financial records in conformance with the Uniform System of Accounts ("USOA"). Inter-Tel maintains its books in accordance with Generally Accepted Accounting Principles ("GAAP"). In addition, the Company requests that it not be required to publish local exchange directories or furnish operating area maps, and therefore requests waivers of 26 S.C. Code Ann. Regs. 103-631 and 103-612.2.3, respectively.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Inter-Tel is incorporated under the laws of the State of Texas and is authorized to do business as a foreign corporation in South Carolina by the Secretary of State.
2. Inter-Tel desires to operate as a provider of resold local services in South Carolina.
3. We find that Inter-Tel possesses the managerial experience and capability to operate as a provider, through resale, of local services in South Carolina.
4. We find, based on the financial statements submitted by the Company and the testimony at the hearing, that Inter-Tel possesses sufficient financial resources to provide the services as described in its Application and testimony.
5. We find that the issuance of a Certificate of Public Convenience and Necessity to Inter-Tel as a reseller of local exchange telecommunications in South Carolina would be in the best interest of the citizens of South Carolina by providing competitive services in South Carolina.
6. Inter-Tel requests a waiver of 26 S.C. Code Ann. Regs. 103-610. The Commission finds Inter-Tel's requested waiver reasonable and understands the potential difficulty presented to Inter-Tel should the waiver not be granted. Further, we find that a waiver of 26 S.C. Code Ann. Regs. 103-610 to be in the public interest. We also believe

that exemption from the policies that would require the Company to keep its records under the USOA is reasonable. Additionally we find that a waiver of 26 S.C. Code Ann. Regs. 103-631 and 103-612.2.3 is reasonable and in the public interest.

7. The Company has the managerial, technical, and financial resources to provide the services as described in its Application. S.C. Code Ann. Section 58-9-280 (B) (1) (Supp. 2006).

8. The Commission finds that the Company's "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. Section 58-9-280 (B) (3) (Supp. 2006).

9. The Commission finds that the Company will support universally available telephone service at affordable rates. S.C. Code Ann. Section 58-9-280 (B) (4) (Supp. 2006).

10. The Commission finds that services to be provided by the Company will meet the service standards of the Commission. S.C. Code Ann. Section 58-9-280 (B) (2) (Supp. 2006).

11. The Commission finds that the provision of local exchange service by the Company "does not otherwise adversely impact the public interest." S.C. Code Ann. Section 58-9-280(B)(5) (Supp. 2006).

12. Following execution of a Stipulation with intervenor South Carolina Telephone Coalition ("SCTC"), the SCTC withdrew its opposition to the Application.

CONCLUSIONS OF LAW

1. The Commission concludes that Inter-Tel possesses the managerial, technical, and financial resources to provide the telecommunications services as described in its Application.
2. The Commission concludes that Inter-Tel will participate in the support of universally available telephone service at affordable rates to the extent that Inter-Tel may be required to do so by the Commission.
3. The Commission concludes that Inter-Tel will provide services which will meet the service standards of the Commission.
4. The Commission concludes that approval of Inter-Tel's Application to provide intrastate telecommunications services within South Carolina will serve the public interest by providing for efficient use of existing telecommunications resources.
5. The Commission concludes that the provision of telecommunications service by Inter-Tel will not adversely impact the public interest.
6. The Commission concludes that the issuance of the authority to provide intrastate local exchange telecommunications services as requested by Inter-Tel and as set forth in its Application and Mr. Easley's testimony is in the best interests of the citizens of the State of South Carolina.
7. The Commission concludes that a Certificate of Public Convenience and Necessity should be granted to Inter-Tel to provide resold intrastate local exchange telecommunications services.

8. The Commission concludes the Company's local exchange telecommunications services shall be regulated in accordance with the principles and procedures established for flexible regulation first granted to NewSouth Communications by Order No. 98-165 in Docket No. 97-467-C. Specifically, the Commission adopts for the Company's competitive intrastate local exchange services a rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels approved by the Commission. Further, the Company's local exchange service tariff filings are presumed valid upon filing, subject to the Commission's right within thirty (30) days to institute an investigation of the tariff filing, in which case the tariff filing would be suspended pending further Order of the Commission. Further, any such tariff filings will be subject to the same monitoring process as similarly situated competitive local exchange carriers.

9. We conclude that Inter-Tel's request for waiver of 26 S.C. Code Ann. Regs. 103-610 should be granted as strict compliance with the regulation would potentially cause undue hardship on that Company. We also grant exemption from the policies requiring the use of USOA. In addition, we grant waiver of 26 S.C. Code Ann. Regs. 103-631 which requires publication of a local telephone directory and 26 S.C. Code Ann. Regs. 103-612.2.3, which requires the filing of operating area maps.

10. The Stipulation and Settlement Agreement between the various parties should be approved.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

1. A Certificate of Public Convenience and Necessity should be granted to Inter-Tel to provide resold local exchange telecommunications services within the State of South Carolina.
2. The Company's rate designs for its products shall conform to those designs described in Conclusions of Law above.
3. If it has not already done so by the date of issuance of this Order, Inter-Tel shall file its revised tariff, if any, and an accompanying price list for any applicable rates within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations, as well as the provisions of the Inter-Tel-ORS Settlement Agreement.
4. Inter-Tel shall resell the services of only those LECs authorized to do business in South Carolina by this Commission. If Inter-Tel changes underlying carriers, it shall notify the Commission in writing.
5. Inter-Tel shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission. The annual report and the gross receipt report will necessitate the filing of intrastate information. Therefore, Inter-Tel shall keep financial records on an intrastate basis for South Carolina to comply with the annual report and gross receipts filings. The proper form for filing annual financial information can be found at the Commission's website at www.psc.sc.gov/forms.asp or at the ORS's website at w.w.w.regulatorystaff.sc.gov. The title of this form is "Telecommunications Company Annual Report." This form shall be

utilized by the Company to file annual financial information with the Commission and ORS and shall be filed no later than **April 1st**.

Commission gross receipts forms are due to be filed with the Commission and ORS no later than **August 31st** of each year. The proper form for filing gross receipts information can be found at the ORS website at www.regulatorystaff.sc.gov, and the appropriate form is entitled "Gross Receipts Form."

Each telecommunications company certified in South Carolina is required to file annually with the ORS the Intrastate Universal Service Fund ("USF") worksheet, which may be found on the ORS's website at www.regulatorystaff.sc.gov. This worksheet provides ORS information required to determine each telecommunications company's liability to the State USF fund. The Intrastate USF worksheet is due to be filed annually with ORS in accordance with the Commission USF guidelines.

6. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission and ORS in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. Inter-Tel shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The "Authorized Utility Representative Information" form can be found at the Commission's website at www.psc.sc.gov/forms.asp; this form shall be utilized for the provision of this

information to the Commission and ORS. Further, the Company shall promptly notify the Commission and ORS in writing if the representatives are replaced.

7. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

8. At the hearing, Inter-Tel requested a waiver of 26 Code Ann. Regs. 103-610 (Supp. 2006), which requires that records required by the Commission's Rules and Regulations be maintained in South Carolina. The Commission finds Inter-Tel's requested waiver reasonable and understands the potential difficulty presented to Inter-Tel should the waiver not be granted. The Commission therefore grants the requested waiver. However, Inter-Tel shall make available its books and records at all reasonable times upon request by the Office of Regulatory Staff, and Inter-Tel shall promptly notify the Commission and ORS if the location of its books and records changes.


9. Inter-Tel also requests that it be exempt from record keeping policies that require a carrier to maintain its financial records in conformance with the Uniform System of Accounts. The USOA was developed by the FCC as a means of regulating telecommunications companies subject to rate base regulation. As a competitive carrier, Inter-Tel maintains its book of accounts in accordance with Generally Accepted Accounting Principles. GAAP is used extensively by interexchange carriers and other providers. Accordingly, Inter-Tel requests an exemption from the USOA requirements. We grant the Company's request for the reasons stated above, and, further, grant waiver of 103-631 and 103-612.2.3.

10. Inter-Tel is required to comply with Title 23, Chapter 47 of the South Carolina Code Annotated, which governs the establishment and implementation of a “Public Safety Communications Center,” which is more commonly known as a “911” system or “911 service.” Services available through a 911 system include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, the Commission hereby instructs Inter-Tel NetSolutions to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating, should the Company become interconnected to the public switched telephone network. Contact with the appropriate 911 service authorities is to be made before beginning local telephone service in South Carolina. Accompanying this Order is a memo from the State 911 Office of the Office of Research & Statistics of the South Carolina Budget and Control Board. This memo provides information about contacting County 911 Coordinators. By this Order and prior to providing local telephone services in South Carolina, Inter-Tel shall contact the 911 coordinator in each county (and city where the city has its own 911 system) and shall provide information regarding the Company’s operations as required by the 911 system.

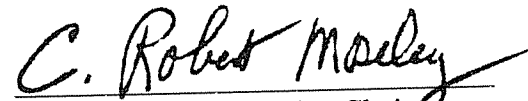
11. The Stipulation and Settlement Agreement between the various parties are hereby approved.

12. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


G. O'Neal Hamilton, Chairman

ATTEST:


C. Robert Moseley, Vice Chairman

(SEAL)

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2007-155-C

July 26, 2007

IN RE:

Application of Inter-Tel Netsolutions, Inc.)
for a Certificate of Public Convenience)
and Necessity to Provide Resold)
Local Exchange Telecommunications)
Services and for Flexible Regulation)
_____)

SETTLEMENT AGREEMENT

This Settlement Agreement ("Settlement Agreement") is made by and among the South Carolina Office of Regulatory Staff ("ORS") and Inter-Tel Netsolutions, Inc., ("Inter-Tel" or "the Company") (collectively referred to as the "Parties" or sometimes individually as "Party").

WHEREAS, on April 19, 2007, the Company filed its application requesting (i) a Certificate of Public Convenience and Necessity to provide resold and facilities-based/UNE local exchange services throughout the State of South Carolina; (ii) flexible regulation for its local exchange services pursuant to Order No. 98-165 in Docket No. 97-467-C; (iii) waiver of 26 S.C. Code Regs. 103-610, 103-612.2.3 and 103-631 (S.C. Reg. Vol. 31, Issue 4, April 27, 2007); and (iv) waiver of any requirements to maintain books and records pursuant to the Uniform System of Accounts ("USOA");

WHEREAS, on April 24, 2007, counsel for ORS entered a notice of appearance in this matter;

WHEREAS, on April 27, 2007, the Company filed an amended application (“the application”) noting that the Company seeks authority to provide resold local exchange service and not facilities-based/UNE local exchange service.

WHEREAS, the South Carolina Telephone Coalition (“SCTC”) filed a Petition to Intervene in this matter on April 27, 2007;

WHEREAS, on May 3, 2007, the Public Service Commission of South Carolina (the “Commission”) issued a revised Notice of Filing and Hearing in response to the amended application and set return dates for the hearing in the above captioned matter scheduled to be heard before a Hearing Examiner on July 30, 2007;

WHEREAS, on May 4, 2007, the Company pre-filed testimony of Jon Brinton with the Commission;

WHEREAS on May 17, 2007, the Commission appointed David Butler, Esquire as Hearing Examiner for this matter;

WHEREAS, the purpose of this proceeding is to review the application filed by the Company and its request for a Certificate of Public Convenience and Necessity;

WHEREAS, since the filing of the notice, ORS has conducted a review of the technical, managerial, and financial expertise of the Company to provide such services;

WHEREAS, ORS has reviewed the application and the financial data provided by the Company;

WHEREAS, ORS has reviewed the services to be offered by the Company and its intended customer service plans;

WHEREAS, ORS has also reviewed the proposed tariffs submitted by the Company;

WHEREAS, as a result of its review, ORS has determined a) the Company intends to offer resold local exchange services to customers located in non-rural local exchange carriers' service areas in South Carolina utilizing the facilities of the existing incumbent local exchange carriers or underlying carriers that presently serve South Carolina; b) the officers of the Company appear to possess sufficient technical and managerial abilities to adequately provide the services applied for; c) based upon the information provided and the analysis performed, the Company also appears to have the financial resources necessary to provide the services proposed in its application; d) certain revisions should be made to the Company's proposed tariff in order to comply with Commission statutes and regulations; e) the services provided by the Company will meet the service standards required by the Commission; f) the provision of local services by the Company will not adversely impact the availability of affordable local exchange service; g) to the extent it is required to do so by the Commission, the Company will participate in the support of universally available telephone service at affordable rates; and, h) the provision of local services by the Company will not adversely impact the public interest.

WHEREAS, to ensure compliance with the Commission's statutes and regulations, the Parties have agreed to the following comprehensive settlement of all issues in this docket.

WHEREFORE, in the spirit of compromise, the Parties hereby stipulate and agree to the following terms and conditions:

- 1) The Parties agree to stipulate into the record before the Commission this Settlement Agreement. The Parties also agree to stipulate to the pre-filed testimony of

Inter-Tel Witness Jon Brinton who will be presented without cross-examination by ORS on matters known as of the time of the filing of this Settlement Agreement;

2) Inter-Tel agrees to file a final revised tariff in accordance with ORS recommendations as set forth in the summary attached as Exhibit 1 to this Settlement Agreement with both ORS and the Commission;

3) The Parties agree that the Company should be granted a Certificate of Public Convenience and Necessity to provide resold local exchange telecommunications services within the State of South Carolina;

4) The Company has requested a waiver of 26 S.C. Code Ann. Regs. 103-610 (S.C. Reg. Vol. 31, Issue 4, April 27, 2007) (location of books and records). However, S.C. Code Ann. §58-9-380 (Supp. 2006) provides that:

Each telephone utility shall have an office in one of the counties of this State in which its property or some part thereof is located and shall keep in such office all such books, accounts, papers and records as shall reasonably be required by the Office of Regulatory Staff. No books, accounts, papers or records required by the ORS to be kept within the State shall be removed at any time from the State except upon such conditions as may be prescribed by the Office of Regulatory Staff.

ORS is agreeable to allowing the Company to maintain its books and records outside of the State of South Carolina in exchange for the Company agreeing to provide access to the Company's books and records. This provision of the Settlement Agreement shall not be construed as a waiver by ORS of S.C. Code Ann. § 58-4-55 (Supp. 2006) or § 58-9-1070 (Supp. 2006). ORS expressly reserves its rights to require the production of books, records and other information located within or outside of the State of South Carolina in order to carry out its duties and compliance with any state or federal regulation;

5) The Company has requested a waiver of any Commission rules or policies requiring a carrier to maintain its financial records in conformance with the Uniform System of Accounts ("USOA"). The Company acknowledges that S.C. Code Ann. § 58-9-340 (Supp. 2006) provides that the ORS may, in its discretion, and subject to the approval of the Commission, prescribe systems of accounts to be kept by telephone utilities subject to the Commission's jurisdiction and the ORS may prescribe the manner in which the accounts shall be kept and may require every telephone utility to keep its books, papers, and records accurately and faithfully according to the system of accounts as prescribed by the ORS. The Company agrees to keep its books, papers, and records in such a manner that permits ORS to audit its revenues and expenses for compliance with programs such as but not limited to USF and Interim LEC funds and gross receipts. The Company agrees to complete and file the USF Form and as the form may be amended from time to time, which is attached in its current form as Exhibit 2 and also found at <http://www.regulatorystaff.sc.gov/> under the "Forms" link;

6) ORS does not oppose the Company's request for waiver from 26 S.C. Code Ann. Regs. 103-612.2.3 which requires filing operating area maps;

7) ORS does not oppose the Company's request for a waiver from 26 S.C. Code Ann. Regs. 103-631 which requires the publication of directories;

8) ORS does not oppose the Company's request that the Commission allow it to employ a flexible local exchange rate structure as described in its application and as first authorized by the Commission in Order No. 98-165 in Docket No. 97-467-C;

9) Inter-Tel agrees to resell the services of only those carriers authorized to do business in South Carolina by the Commission. Inter-Tel agrees to notify ORS and the Commission, in writing, if the Company changes underlying carriers;

10) When appropriate and upon request, the Company agrees to engage in good faith negotiations with non-BellSouth incumbent local exchange carriers whose networks interconnect with BellSouth at the same local tandem regarding traffic exchange;

11) Inter-Tel agrees that the Company will allow an end-user of resold services to access an operator service provider if the end-user expresses such a desire;

12) The Company agrees to file necessary financial information with the Commission and ORS for universal service fund reporting, annual reporting and/or gross receipts reporting to the extent required by law and Commission orders. The parties agree that such reports shall be filed pursuant to ORS instructions and monies shall be remitted in accordance with the directions of ORS and the Commission;

13) In the event the Company offers services to end users, the Company agrees to comply with the verification regulations governing change of preferred carriers as established by the Federal Communications Commission and agrees to comply with the marketing practices and guidelines established in Order No. 95-658;

14) The Company agrees to comply with South Carolina Code Section § 58-9-300 entitled "Abandonment of Service." Additionally, the Company agrees to adhere to the Federal Communication Commission rules 47 C.F.R. §§ 64.1190 and 64.1130 regarding preferred carrier freezes and the requirement that the form of the written authorization for the institution of the freeze be a separate or easily separable document.

Prior to abandonment of service, the Company shall remove any preferred carrier freeze so as to enable consumers to seamlessly transfer their telephone numbers to another provider;

15) The Company agrees to comply with Title 23, Chapter 47 of the South Carolina Code Annotated, which governs the establishment and implementation of a "Public Safety Communications Center" also known as "911 service." The Company agrees to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating prior to initiating local service in South Carolina and shall provide the 911 coordinator in each county and/or city with information regarding the Company's operations. Attached as Exhibit 3 to this Settlement Agreement is a memorandum from the State 911 Office which provides contact information for the County 911 Coordinators;

16) Inter-Tel agrees to comply with all rules and regulations of the Commission unless the Commission has expressly waived such rule or regulation;

17) ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10(B) (added by Act 175). S.C. Code § 58-4-10(B)(1) through (3) read in part as follows:

... 'public interest' means a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) economic development and job attraction and retention in South Carolina; and
- (3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes the Settlement Agreement reached among the Parties serves the public interest as defined above;

18) The Parties agree to advocate that the Commission accept and approve this Settlement Agreement in its entirety as a fair, reasonable and full resolution of all issues in the above-captioned proceeding and to take no action inconsistent with its adoption by the Commission. The Parties further agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein;

19) The Parties agree that signing this Settlement Agreement will not constrain, inhibit, impair or prejudice their arguments or positions held in other collateral proceedings, nor will it constitute a precedent or evidence of acceptable practice in future proceedings. If the Commission declines to approve the Settlement Agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement in its entirety without penalty or obligation;

20) This Settlement Agreement shall be interpreted according to South Carolina law;

21) The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing its signature or by authorizing counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement.

Facsimile signatures and email signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the original signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.

[SIGNATURE PAGES FOLLOWS]

WE AGREE:

Representing the South Carolina Office of Regulatory Staff

Shannon Bowyer Hudson

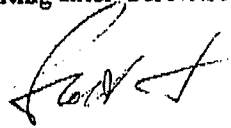
7-26-07

Shannon Bowyer Hudson, Esquire
South Carolina Office of Regulatory Staff
Post Office Box 11263
1441 Main Street (Suite 300)
Columbia, SC 29211
Phone: (803) 737-0889
Fax: (803) 737-0895
Email: shudson@regstaff.sc.gov

Date

WE AGREE:

Representing Inter-Tel Netsolutions, Inc.



July 25, 2007

Scott Elliott, Esquire
Elliott & Elliott, P.A.
721 Olive Street
Columbia, SC 29205
Phone: (803) 771-0555
Fax: (803) 771-8010
Email: selliot@elliottlaw.us

Date

**INTER-TEL NETSOLUTIONS, INC.
PUBLIC SERVICE OF SOUTH CAROLINA DOCKET NUMBER 2007-155-C**

Section 1 – Definitions; Original Sheets 8 through 13

Inter-Tel will include within the alphabetized definitions the acronym "ORS: The South Carolina Office of Regulatory Staff."

2.1.4.6 – Original Sheet 18 – *"The Customer shall indemnify and hold the Company harmless from any and all loss, claims, demands, suits, or other action, or any liability whatsoever, whether suffered, made, instituted, or asserted by any other party or person (s), and for any loss, damage, or destruction of any property whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation; failure to operate, maintenance, removal, condition, location, or use of installation provided by the Company. The Company reserves the right to require each Customer to sign an agreement acknowledging acceptance of the provisions of this section as a condition precedent to such installations."*

Inter-Tel will remove this language.

2.1.4.9 – Original Sheet 19 – *"The entire liability of the Company for any claim, loss, damage or expense from any cause whatsoever shall in no event exceed sums actually paid to the Company by Customer for the specific services giving rise to the claim."*

Inter-Tel will remove this language.

2.5.1 – Payment for Service – Original Sheet 33 – *"The Customer is responsible for payment of all charges for services furnished by the Company to the Customer or its Joint or Authorized Users. Objections must be received by the Company within 120 days after statement of account is rendered, or the charges shall be deemed correct and binding upon the Customer. A bill will not be deemed correct and binding upon the customer if the Company has records on the basis of which an objection may be considered, or if the customer has in his or her possession such Company records. If an entity other than the Company imposes charges on the Company, in addition to its own internal costs, in connection with a service for which a Company Non-Recurring Charge is specific, those charges may be passed on to the Customer."*

Inter-Tel will either remove the 120 day window of time or insert and utilize the following as dispute parameters: "All bills are presumed accurate, and shall be binding on the customer unless objection is received by the Company in writing or orally within the applicable statute of limitations. No credits, refunds or

adjustments shall be granted if demand therefore is not received within such limitation period."

In addition, Inter-Tel will delete the last sentence of this subsection.

2.5.1.1 – Taxes – Original Sheet 33 – *"The customer is responsible for the payment of any sales, use, excise, access or other local, state and federal taxes, charges or surcharges (however designated) excluding taxes on the Company's net income, imposed on or based upon the provision, sale or use of Local Services. Any taxes imposed by a local jurisdiction (e.g., county and municipal taxes) will be recovered from those Customers located in the affected jurisdictions."*

Inter-Tel will replace the above language with the following: "All state and local taxes authorized by regulatory bodies recognized as allowable billing pass-throughs to the customer (i.e., sales tax, municipal utilities tax) will be listed as separate line items and not included in the quoted rates."

2.5.1.1.1 – Other Charges – Original Sheet 34 – *"If an entity other than the Company (e.g. another carrier or a supplier) imposes charges on the Company, in addition to its own internal costs, in connection with service for which the Company's non-recurring charge is specified, those charges will be passed on to the Customer. It shall be the responsibility of the Customer to pay any such taxes that subsequently became applicable retroactively."*

Inter-Tel will remove this section.

2.5.2.4 – Original Sheet 34 – *"A check return charge will be assessed for checks with insufficient funds or non-existing accounts."*

Inter-Tel will amend the above language to state, "The Company may assess a return check charge for each check returned for insufficient funds not to exceed that allowed by applicable state law as contained in S.C. Code Ann. 34-11-70."

2.5.3 – Disputed Bills – Original Sheet 35 – *"The Customer shall notify the Company of any disputed items on a bill in accordance with 26 S.C. Code Ann. Regs. 103-623 (Supp. 1999). If the Customer and the Company are unable to resolve the dispute to their mutual satisfaction, the Customer may file a complaint with the Public Service Commission in accordance with the Commission's rules of procedure."*

Inter-Tel will replace the above section with the following:

"All bills are presumed accurate, and shall be binding on the customer unless objection is received by the Company in writing or orally within the applicable statute of limitations. No credits, refunds or adjustments shall be granted if demand therefore is not received within such limitation period."

Inter-Tel will also add to its tariff the appropriate contact information for disputed bills which would be the Consumer Services Department of the ORS as follows:

Office of Regulatory Staff
State of South Carolina
Consumer Services Division
1441 Main Street, Suite 300
Columbia, SC 29201
Local – (803) 737-5230
Toll Free Number – 1-800-922-1531
Fax Number – (803) 737-4750

2.5.3.1 – Original Sheet 35 – “The date of the dispute shall be the date the Company receives sufficient documentation to enable it to investigate the dispute.”

Inter-Tel will revise the above to state the following: “The date of the dispute shall be the date the Company receives communication from either the Customer, ORS or both.”

2.5.3.1 - (2nd Paragraph) – Original Sheet 35 – “*The date of the resolution is the date the Company completes its investigation and notifies the Customer of the disposition of the dispute.*”

Inter-Tel will add the following statement to the above paragraph: “ In the event that the Customer, upon notification from the Company, is not satisfied with findings of such dispute, the Company has an obligation to inform the Customer of recourse through the ORS and the date of resolution will remain undefined.”

2.5.5.1 – Original Sheet 36 – “Applicants for service or any existing Customer whose financial condition is not acceptable to the Company, or is not a matter of general knowledge, may be required at any time to provide the Company with a security deposit. The deposit requested will be in cash or the equivalent of cash, and will be held as a guarantee for payment of charges. A deposit does not relieve the Customer of the responsibility for the prompt payment of bills on presentation. The deposit shall not exceed an amount equal to: (a) two month's charges for service or facility which has a minimum payment period of one month; or; (b) in accordance with 26 S.C. Code Ann. Regs. 103-621.2 (Supp. 1999).

Inter-Tel will rephrase this initial subsection to state: “Applicants for service or any existing Customer whose financial condition warrants a security deposit, using solely the criteria found in Commission Regulation R103-621 (A) and (C), may be required at any time...”

Inter-Tel will remove the use of the word "facility" from the above paragraph.

2.5.6.4 – Original Sheet 38 – *" Upon the Customer's insolvency, assignment for the benefit of creditors, filing for bankruptcy or reorganization, failing to discharge and involuntary petition within the time permitted by law, or abandonment of service, the Company may, with prior notice to the Customer, immediately discontinue or suspend service without incurring any liability."*

Inter-Tel will remove entire subsection 2.5.6.4.

3.1 – Local Exchange Service – Original Sheet 49 - *"The Company's Local Telephone Service provides a Customer with the ability to connect to the Company's switching network which enables the Customer to:"*

Inter-Tel will expand the categories of local exchange service capabilities beyond the seven (7) items outlined to add: "-all N11 services in effect for each territory" and "-900 or 976 Service."

Inter-Tel will remove the last paragraph from the tariff which restricts the access to caller-paid information services.

3.1.1 - Exchange Service Areas - Original Sheet 50

Inter-Tel will provide the specific exchanges which will be served from BellSouth Telecommunications and Verizon Communication. With any amendments to this section, Inter-Tel will also amend Section 7 as needed to ensure the Calling Scope comports with the ILEC Local Exchanges with regard the EAS.

3.1.2.3 - Local Line Rates and Charges (A) - Non- Recurring Charges - Original Sheet 52

Inter-Tel will provide a supplement which defines and explains the applicability of these charges. Inter-Tel will also reduce the "PIC-2 Change" from \$10.00 to \$5.00.

4.1 - Promotional Offerings: Original Sheet 62 - *"The Company may make promotional offerings to its service which may include waiving or reducing the applicable charges for the promoted service. The promotional offerings may be limited as to the duration, the date and times of the offering and the locations where the offerings are made. These promotional offerings will be filed with the Commission at a minimum of 14 days prior to their effective date."*

Inter-Tel will amend the last sentence to indicate that promotional offerings will be filed with the ORS and the Commission via transmittal letter as such offerings are temporary in nature. Inter-Tel will also include an original name of the promotional offer on the transmittal letter.

6.1 - Lifeline - Residence - Original Sheet 64 through 66

Inter-Tel will delete the current tariff language and adopt the language below. The formatting is left to Company discretion and the "XX" is provided to allow Company specific alphas and numerics.

"Lifeline and Link-Up"

"The Lifeline and Link-Up program is designed to increase the availability of telecommunications services to low income subscribers by providing a credit to monthly recurring local service for qualifying residential subscribers and a credit."

"Basic terms and conditions are in compliance with the FCC's order on Universal Service and specific terms and conditions are as prescribed by the Carolina Public Service Commission and are as set forth in this tariff."

XX .A -"Lifeline and Link-Up are supported by the federal universal service support mechanism."

INTER-TEL NETSOLUTIONS, INC. DOCKET NUMBER 2007-155-C

Tariff Review of Exhibit E – Illustrative Local Exchange Price List (CLEC)

Lifeline and Link-Up (contd)

XX.B - "Federal baseline support for Lifeline is eight dollars and twenty-five cents (\$8.25) is available for each Lifeline service and is passed through to the subscriber. An additional three dollars and fifty cents (\$3.50) credit is provided by the Company. Supplemental federal support of one dollar and seventy-five cents (\$1.75), matching one half of the Company contribution, will also be passed along to the Lifeline subscriber. The total Lifeline credit available to an eligible customer in South Carolina is thirteen dollars and fifty cents (\$13.50). The amount of credit will not exceed the charge for local service, which includes the access line, the Subscriber Line Charge and local usage".

XX.C - "A federal credit for Link-Up of fifty percent (50%) of the non-recurring charges for connection of service, up to a max. of thirty dollars (\$30.00), is available to be passed on to the subscriber."

XX.D - "Customers eligible under the Lifeline program are also eligible for the Link-Up program. One low income credit per household is applicable to the primary residential connection only. The named subscriber must be a current recipient of any of the low income assistance programs identified in XX. F following. A Lifeline customer may subscribe to any local service offering available to other residence customers."

XX. E -"Since the Lifeline credit is applicable to the primary residential connection only, it may not be applied to a multiple line package local service offering. Toll blocking will be provided at no charge to the Lifeline subscriber. The Federal Universal Service Charge nor the South Carolina Intrastate Universal Service Surcharge will be billed to Lifeline customers".

XX. F - "In order to qualify for the Lifeline or Link-Up programs, a customer must be a current recipient of any one of the following low income assistance programs."

A. "Temporary Assistance to Needy Families (TANF), previously known as AFDC"

B." Food Stamps"

C." Medicaid"

XX.G - "The customer must furnish proof of qualification at the time the application for service is submitted and the credits will not be established until the Company has received proof of eligibility".

) INTER-TEL NETSOLUTIONS, INC. DOCKET NUMBER 2007-155-C

Section 7 - Local Exchange Services – Original Sheet 67

As Inter-Tel has requested in its application Flexible Regulation consistent with Commission Order 98-165 in Docket No. 97-467-C, the Company will publish a Maximum Rate and Price List for all rate elements in the tariff to include: Non-Recurring Charges, Recurring Charges and Rates outside of the parameters of both Federal and State Orders, Directives and Statutes in South Carolina.

Inter-Tel will publish a default rate for all product lines identified with ICB.

Inter-Tel will add the marketing language found within its application specific to South Carolina from Order No. 95-658 in Docket No. 94-559-C.

2007 South Carolina Universal Service Contribution Worksheet

Revenue Data for Year Ending
12/ 31/2006

Name of Company



Form must be completed and returned by July 1, 2007 to:

Universal Service Fund Administrator
South Carolina Office of Regulatory Staff
1441 Main St. Suite 300
Columbia, SC 29201

2007 SC USF Worksheet Table of Contents:

Form Names	Page Numbers
<i>I. <u>Contributor Identification Form</u></i>	<i>2</i>
<i>II. <u>Certification of Revenues</u>.....</i>	<i>3</i>
<i>III. <u>General Filing Instructions</u>.....</i>	<i>4-5</i>
<i>IV. <u>Line Item Contribution Worksheet Instructions</u>.....</i>	<i>6-8</i>
<i>V. <u>Contribution Worksheet</u>.....</i>	<i>9-10</i>

2007 South Carolina Universal Service Fund Contribution Worksheet**I. Contributor Identification Information:**

101. Legal name of reporting entity:

102. IRS employer identification number:

103. Name(s) by which telecommunications service provider is doing business, if different than shown in Line 101:

104. Complete mailing address of reporting entity:

105. Individual who completed this worksheet:

106. Telephone number of individual completing the worksheet:

107. E-mail address for individual completing the worksheet:

108. Fax number of individual completing the worksheet:

109. Address that Universal Service Fund bills should be sent:

110. Contact person at your Company for Universal Service Fund billing questions:

111. Telephone number for individual provided in Item 110:

112. E-mail address for individual provided in Item 110.

2007 South Carolina Universal Service Fund Contribution Worksheet**II. Certification of Net Universal Service Fund Contribution Base Revenues:**

113. Revenues as reported on Line 222; Columns A, B and D of the worksheet:

(a) Total **Intrastate** End User Operating Revenues in South Carolina for 12 months period ending 12/31/2006: _____

(b) Total **Interstate** End User Operating Revenues in South Carolina for 12 months period ending 12/31/2006: _____

(c) Total **Intrastate and Interstate** (Sum: 113 (a) and Sum 113 (b)) End User Operating Revenues in South Carolina for 12 months period ending 12/31/2006: _____

114. **South Carolina USF Assessments** collected from retail end-user during the year ending 12/31/2006: _____

115. **Certification of Report:** I certify that I am an officer of

(Company Name) and that I have examined the foregoing report and to the best of my knowledge, information, and belief, all of the statements in this Contribution Worksheet are true and that said Worksheet is an accurate statement of affairs of the above named Company for the time period of covered in this report.

Signature: _____ Date: _____

Printed name of Officer signing above: _____

Position of Officer signing above: _____

SWORN TO AND SUBSCRIBED BEFORE ME
this the _____ day of _____, 20____

NOTARY PUBLIC for
My Commission Expires: _____

III. General Filing Instructions:**Who Must File:**

As required by the South Carolina Public Service Commission USF Guidelines approved by Order No. 2001-996, each carrier must file on an annual basis the information necessary to allow the Administrator to calculate the carrier's contribution.

When and Where to File:

Contribution Worksheets must be sent to:

SC Universal Service Fund Administrator
c/o South Carolina Office of Regulatory Staff
1441 Main St. Suite 300
Columbia, SC 29201

Each Carrier must file on an annual basis the information necessary to allow the Administrator to calculate the carrier's contribution. These filings are due **on or before July 1** of each year, reporting data as of December 31 of the prior calendar year.

Revenue Reporting General Instructions:

Reported revenues should:

- Include account set-up, connection, service restoration, termination and other non-recurring charges. (These charges should be reported on the same line that the filer reports any associated recurring revenue. For example, an early termination charge for a long distance private line service would be reported as revenue on Line 210.)
- Include revenues derived from the activation and provision of intrastate and interstate telecommunications and non-telecommunications services.
- Include total revenues billed to customers during the filing period with no allowances for uncollectible, settlements, or out-of-period adjustments.
- Include collection overages and unclaimed refunds for telecommunications services when not subject to escheats.
- Include any surcharges on telecommunications services that are billed to the customer and either retained by the filer or remitted to a non-government third party under contract.
- Include other surcharges treated as revenues on which the surcharges were levied.
- Include any charge billed to customer and represented to recover or collect contributions to federal or state universal service support mechanisms must be shown separately on Line 201.
- Exclude taxes and any surcharges that are not recorded on the company books as revenues but which instead are remitted to government bodies.
- Exclude Customer Deposits.
- Tie directly to the books and records (e.g., general ledger/trial balance) of the reporting entity and not include estimates developed and reported by NECA or other reporting entities.
- Gross revenues should not be reported net of related expenditures.

III. General Filing Instructions Continued:

Permissible Exceptions:

An entity is not required to impute or report revenues for services provided to itself or to wholly owned affiliates unless: 1) it is required to record such revenues for some other federal or state regulatory purpose; or 2) the filer is providing service to an affiliate for resale and the affiliate is not a direct universal contributor.

Use of Estimates:

If revenue category breakout cannot be determined directly from corporate books of account or subsidiary records, filers may provide on the Worksheet a good-faith estimate of the breakout. Detailed calculation of any such estimates must accompany the Worksheet and clearly describe all assumption used in their calculation. Filers may not simply report all revenues on one of the "other revenue" lines.

Mergers:

Where two contributors have merged prior to the filing date, the successor company should report total revenues for the reporting period for all predecessor operations. The two contributors, however, should continue to report separately if each maintains separate corporate identities and continue to operate independently. Where an entity obtains, through purchase, merger or transfer, the telecommunications operations or customer base of a telecommunications provider during the calendar year, it must report all telecommunications revenues associated with such operations or customer base including revenues billed in the calendar year prior to the date of acquisition.

Questions:

Questions can be directed to the South Carolina Office of Regulatory Staff at 803-737-0800. Please ask to be directed to the Universal Service Fund Administrator.

IV. Line Item Contribution Worksheet Instructions:

Line 201 -- Itemized charges levied by the reporting entity in order to recover contributions to state and federal universal service support mechanisms should be reported on Line 201. Any charge that is identified on a bill as recovering contributions to universal service support mechanisms must be shown on Line 201 and should be identified as either interstate or intrastate revenues, as appropriate.

Line 202 -- Monthly service, local calling, connection charges, vertical features, and other local exchange services should include the basic local service revenues except for local private line revenues, access revenues, and revenues from providing mobile or cellular services. This line should include charges for optional extended area service, dialing features, local directory assistance, added exchange services such as automatic number identification (ANI) or teleconferencing, LNP surcharges, connection charges, charges for connecting with mobile service and local exchange revenue settlements.

Line 203 -- Line 203 a. should include revenues for charges to end users specified in a carrier's access services tariffs, such as tariffed subscriber line charges and PICC charges levied by a local exchange carrier on customers that are not presubscribed to an interexchange carrier (*i.e.*, a no-PIC customer). However, Line 203 a. should not include revenues for charges to end users for special access services (which are reported on Line 204). Subscriber Line Charges associated with Public Payphone access line services and Lifeline Services should be excluded from Line 203 a. Telecommunications providers that do not have subscriber line charge or PICC tariffs on file with the the Federal Communications Commission or the Public Service Commission, or that are not reselling such tariffed charges, should report \$0 on Line 203 a. Filers are required to specifically identify and report revenues associated with subscriber line charges excluded from Line 203 a. associated with Public Telephone Access Line Services on Line 203 b. and associated with the Lifeline Service on Line 203 c.

Line 204 -- Line 204 should include local private line and special access services. This includes revenues from providing local services that involve dedicated circuits, private switching arrangements, digital subscriber line, and/or predefined transmission paths. Line 204 should include revenues from special access lines resold to end users unless the service is bundled with, and charged as part of a toll service, in which case the revenues should be reported on the appropriate toll service line. Also, report on Line 204 revenues from offering dedicated capacity between specified points even if the service is provided over local area switched ATM or frame relay networks. Revenues associated with digital subscriber line services (DSL) used to provide internet access should not be included in Line 204. These digital subscriber line (DSL) revenues should identified and reported as part of Line 213.

Line 205 -- Line 205 a. should include all revenues received from customers paid directly to the payphone service provider, including all coin-in-the-box revenues. Do not deduct commission payments to premises' owners. Public Telephone Access Line Services should be excluded from these revenues. However, filers are required to identify and report revenues associated with public telephone access line services (PTAS) provided to payphone service providers as Carrier's Carrier (Wholesale) revenues on Line 205 b.

Line 206 -- Other local telecommunications service revenues should include local telecommunications service revenues that reasonably would not be included with one of the other fixed local service revenue categories.

Line 207 -- This line should include revenues (excluding international) from prepaid calling cards provided either to customers or to retail distributors. Revenues should represent the amounts actually paid by customers (face value) and not the amounts paid by distributors or retailers, and should not be reduced or adjusted for discounts provided to distributors or retail establishments. All prepaid card revenues are classified as end-user revenues. For purposes of completing this Worksheet, prepaid card revenues should be recognized when the cards are sold.

IV. Line Item Contribution Worksheet Instructions Continued:

Line 208 -- Interstate and intrastate operator and toll calls with alternative billing arrangements should include all calling card or credit card calls, person-to-person calls, and calls with alternative billing arrangements such as third-number billing and collect calls which are billed to South Carolina end-users. This line should include all charges from interstate and intrastate toll or long distance directory assistance. All revenues from international calls should be reported on line 217. Line 211 should include revenues from all calls placed from all coin and coinless, public and semi-public, accommodation and prison telephones, except that calls that are paid for via prepaid calling cards should be included on Line 207 and calls paid for by coins deposited in the phone should be included on Line 205.

Line 209 -- Ordinary long distance and other switched toll services should include all long distance message revenues except for amounts reported on Lines 205, 207, 211, or 216. Line 209 should include ordinary message telephone service (MTS), WATS, subscriber toll-free, 900, "WATS-like," and similar switched services. This category includes most toll calls placed for a fee and should include flat monthly charges billed to customers, such as account maintenance charges, PICC pass-through charges, package plans giving fixed amounts of toll minutes, and monthly minimums. However, where customers are charged single rate for a combined local and long distance service, all revenues for such service should be reported on Line 202.

Line 210 -- Long distance private line service should include revenues from dedicated circuits, private switching arrangements, and/or predefined transmission paths, extending beyond the basic service area. Line 210 should include frame relay and similar services where the customer is provided a dedicated amount of capacity between points in different basic service areas. Any revenues from international service should be excluded here and reported on line 216.

Line 211 -- All other long distance services (excluding international) should include all other revenues from providing long distance communications services. Line 211 should include toll teleconferencing. Line 211 should include switched data, frame relay and similar services where the customer is provided a toll network service rather than dedicated capacity between two points.

Line 212 -- Universal service support revenues should include all amounts that filers receive as universal service support from either states or the federal government. Line 212 should include as revenues Lifeline Assistance reimbursement for the waived portion of subscriber line, presubscribed interexchange carrier charges or credits for subsidized services provided to schools, libraries, and rural health care providers. Line 212 should include amounts received as cash as well as amounts received as credit against contribution obligations. Line 212 should not include any amounts charged to customers to recover universal service or similar contributions.

Line 213 -- Include revenues from the provision of broadband (including DSL and cable TV Program transmissions) services. These revenues are excluded from the calculation of Net Universal Service Fund revenue.

Line 214 -- Data reported on this line should contain mobile service revenues other than toll charges to mobile service customers. Charges associated with mobile service provided to resellers should not be included on this line. For services provided to end users, Line 214 should contain monthly charges, activation fees, service restoration, and service order processing charges, etc. End-user prepaid wireless service revenues attributable to activation and daily or monthly access charges should be reported on Line 214.

Line 215 -- Message charges, including any roaming charges assessed on customers for calls placed out of customers' home areas and local directory assistance charges. End-user prepaid wireless service revenues attributable to airtime should be reported on Line 215. Itemized toll charges to mobile service customers should be included in the Lines 210, 211 or 216, as appropriate.

IV. Line Item Contribution Worksheet Instructions Continued:

Line 216 -- Line 216 should include all revenues derived from the provision of international communications services. International services are defined as any call which originates or terminates at a point outside of the United States, regardless of its transmission path.

217 -- Line 217 should include all non-telecommunications service revenues on the reporting entity's books, as well as some revenues that are derived from telecommunications-related functions, but that should not be included in the universal service or other fund contribution bases. For example, information services offering a capability for generating, acquiring, storing, transforming, processing, retrieving, utilizing, or making available information via telecommunications are not included in the universal service or other fund contribution bases. Information services do not include any use of any such capability for the management, control, or operation of a telecommunications system or the management of a telecommunications service. Information services also are called enhanced services because they are offered over transmission facilities used in interstate communications and employ computer processing applications that act on the format, content, code, protocol, or similar aspects of the subscriber's transmitted information; provide the subscriber additional, different, or restructured information; or involve subscriber interaction with stored information. For example, call moderation and call transcription services are information services. These services are exempt from contribution requirements and should be reported on Line 217. Line 217 should include revenues from published directory and carrier billing and collection services. Line 217 should include revenues from the sale, lease, installation, maintenance, or insurance of customer premises equipment (CPE). Line 217 should include inside wiring charges and inside wiring maintenance insurance. Line 217 should include the sale or lease of transmission facilities, such as dark fiber or bare transponder capacity, that are not provided as part of a telecommunications service or as a UNE. Line 217 should include pole attachment revenues. Line 217 should include revenues from providing open video systems (OVS), cable leased access, and direct broadcast satellite (DBS) services. Line 217 should include late payment charges and charges (penalties) imposed by the company for customer checks returned for non-payment. Line 217 should not include any revenues from the provision of broadband (including DSL and cable TV Program transmissions) services. All revenues from the provision of broadband services should be reported on Line 213.

Line 219 -- Reflects the gross amount includable in Net Universal Service Fund contribution revenue. This number is the total of Lines 201 through 211.

Line 220 -- Show the uncollectible revenue/bad debt expense associated with gross billed revenues amounts reported on Line 218. This should be the amount reported as bad debt expense in the filer's income statement for the year. Note that it will include uncollectibles associated with all revenue on the filer's books (Line 218), covering carrier's carrier revenues, end-user telecommunications revenues and revenues reported on Lines 212 through 217. The contributor's uncollectible revenues/bad debt expense should be calculated in accordance with Generally Accepted Accounting Principles. Thus, uncollectibles should represent the portion of gross billed revenues that the contributor reasonably expects will not be collected. Note that uncollectibles may not include any amounts associated with unbillable revenues. Filers that operate on a cash basis should report \$0 on this line.

Line 221 -- Show the portion of the uncollectible revenue/bad debt expense reported on Line 220 that is associated with just the universal service contribution base amounts reported on Line 219. Filers that maintain separate detail of uncollectibles by type of business should rely on those records in determining the portion of gross uncollectibles reported on Line 220 that should be reported on Line 221. Filers that do not have such detail should make such assignments in proportion to reported gross revenues. Filers must be able to document how the amounts reported on Line 221 relate to the uncollectible revenue/bad debt expense associated with gross billed revenues reported on Line 219.

Line 222 -- This is your net universal service fund contribution base revenue. It contains the total base revenue reported on line 219 less the uncollectible revenue associated with the line 219 amount as reported on line 221. This amount should be reported on the certification page line 113 Lines A, B, and C.

203 a. - PICC charges levied by a local exchange carrier on a no-PIC customer and tariffed subscriber line charges.					
203 b. - Revenues from Subscriber Line Charges billed to Public Telephone Access Line Services.					
203 c. - Revenues from Subscriber Line Charges billed to Lifeline Services.					
204 Local private line and special access service					
205 a. - Payphone revenues					
205 b. - Revenues from Payphone Telephone Access Line Services					
206 - Other local telecommunications service revenues					
207 - Prepaid calling card (including card sales to customers and non-carrier distributors but <u>excluding</u> international calling) reported at face value of cards.					
208 - Interstate and intrastate operator and toll calls with alternate billing arrangements (credit card, collect, etc.)					
209 - Ordinary interstate and intrastate long distance (direct-dial MTS, customer toll-free 800/888 service, "10-10" calls, associated monthly account maintenance, PICC pass-through, and other switched services not reported above					
210 - Long distance private line services (<u>excluding</u> international)					
211 - All other long distance services (<u>excluding</u> international)					

215 - Mobile service message charges including roaming, but excluding toll charges				
216 - International operator and toll calls, international calling card sales, international private line services and any other international services				
217 - Revenues from other non-telecommunications services, including, but not limited to: Information services, inside wiring maintenance, billing and collection, customer premises equipment, published directory, CATV, and dark fiber				
218 - Gross revenues from all sources (Lines 201 through 217)				

South Carolina State USF Fund Contribution Revenue:

<u>South Carolina State USF Fund Contribution Revenue:</u>					
219 - Total Gross universal service contribution base amounts - Lines 201 through 211					
220 - Uncollectible revenue/bad debts expense associated with gross revenue amounts on Line 218					
221 - Uncollectible revenue/bad debts expense associated with universal service contribution amounts on Line 219					
222 - Net Universal Service Fund contribution base revenue (Line 219 minus Line 221)					

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF RESEARCH & STATISTICS

MARK SANFORD, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

RICHARD ECKSTROM
COMPTROLLER GENERAL



HUGH K. LEATHERMAN, SR.
CHAIRMAN, SENATE FINANCE COMMITTEE

ROBERT W. HARRELL, JR.
CHAIRMAN, WAYS AND MEANS COMMITTEE

FRANK W. FUSCO
EXECUTIVE DIRECTOR

REMBERT C. DENNIS BUILDING
1000 ASSEMBLY STREET, SUITE 425
COLUMBIA, SOUTH CAROLINA 29201

Bobby Bowers
DIRECTOR

August 2, 2004

To: Telephone Companies New to South Carolina

In an effort to continue providing quality emergency services to the citizens of South Carolina, the State 911 Office requests that before beginning telephone services in a county, you contact the 911 Coordinator in that county. This will allow both parties to obtain important information about providing 911 services in that county. If you have already begun services, then contact the coordinator as soon as possible.

A list of County 911 Coordinators can be found on the South Carolina E911 homepage at www.ors.state.sc.us/digital/E-911.ASP. If you have any questions related to 911 in South Carolina, you may contact E911 Coordinations at the Office of Research and Statistics at 803-734-3883. The person responsible for this can also be found on the 911 homepage. Please be aware that some cities may have their own E911 systems, these are also listed on the 911 homepage. These city coordinators will need to be contacted in addition to the county coordinators.

ECONOMIC RESEARCH
WILLIAM GILLESPIE
(803) 734-3803

GEODETIC SURVEY
5 GEOLOGY ROAD
COLUMBIA, S.C. 29210
LEWIS LAPINE
(803) 896-7700

DIGITAL CARTOGRAPHY
(803) 734-3803

HEALTH & DEMOGRAPHICS
STATISTICS
1919 BLANDING STREET
COLUMBIA, S.C. 29201
WALTER P. BAILEY, M.P.H.
(803) 898-9941

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

Docket No. 2007-155-C

Re: Application of Inter-Tel NetSolutions, Inc., for a)
Certificate of Public Convenience and Necessity)
to Provide Resold and Facilities-based/UNE)
Local Exchange Telecommunications Services)
in the State of South Carolina)

STIPULATION

2007 JUL 27 PM 3:10
RECEIVED
PUBLIC SERVICE COMMISSION

The South Carolina Telephone Coalition ("SCTC") (see attachment "A" for list of companies) and Inter-Tel NetSolutions, Inc. ("Inter-Tel") hereby enter into the following stipulations. As a consequence of these stipulations and conditions, SCTC does not oppose Inter-Tel's Application. SCTC and Inter-Tel stipulate and agree as follows:

1. SCTC does not oppose the granting of a statewide Certificate of Public Convenience and Necessity to Inter-Tel, provided the South Carolina Public Service Commission ("Commission") makes the necessary findings to justify granting of such a certificate, and provided the conditions contained within this stipulation are met.
2. Inter-Tel stipulates and agrees that any Certificate which may be granted will authorize Inter-Tel to provide service only to customers located in non-rural local exchange company ("LEC") service areas of South Carolina, except as provided herein.
3. Inter-Tel stipulates that it is not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas.
4. Inter-Tel stipulates and agrees that it will not provide any local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area, unless and until Inter-Tel provides such rural incumbent LEC and the Commission with written notice of its

intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. Also, Inter-Tel acknowledges that the Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while the Commission conducts any proceeding incident to the Petition or upon the Commission's own Motion, provided that the Commission can further suspend the implementation date upon showing of good cause.

5. Inter-Tel stipulates and agrees that, if Inter-Tel gives notice that it intends to serve a customer located in a rural incumbent LEC's service area, and either (a) the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law within such 30-day period, or (b) the Commission institutes a proceeding of its own, then Inter-Tel will not provide service to any customer located within the service area in question without prior and further Commission approval.

6. Inter-Tel acknowledges that any right which it may have or acquire to serve a rural telephone company service area in South Carolina is subject to the conditions contained herein, and to any future policies, procedures, and guidelines relevant to such proposed service which the Commission may implement, so long as such policies, procedures, and guidelines do not conflict with Federal or State law.

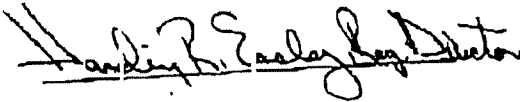
7. The parties stipulate and agree that all rights under Federal and State law are reserved to the rural incumbent LECs and Inter-Tel, and this Stipulation in no way suspends or adversely affects such rights, including any exemptions, suspensions, or modifications to which they may be entitled.

8. Inter-Tel agrees to abide by all State and Federal laws and to participate, to the extent it may be required to do so by the Commission, in the support of universally available telephone service at affordable rates.

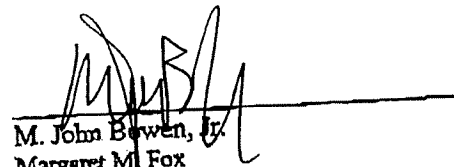
9. Inter-Tel hereby amends its application and its prefiled testimony in this docket to the extent necessary to conform with this Stipulation.

AGREED AND STIPULATED to this 26th day of July
2007.

Inter-Tel NetSolutions, Inc.



South Carolina Telephone Coalition:



M. John Bowen, Jr.
Margaret M. Fox
McNAIR LAW FIRM, P.A.
Post Office Box 11390
Columbia, South Carolina 29211
(803) 799-9800

Attorneys for the South Carolina Telephone
Coalition

ATTACHMENT A

South Carolina Telephone Coalition Member Companies
for Purposes of Local Service Stipulation

ALLTEL South Carolina, Inc.
Chesnee Telephone Company
Chester Telephone Company
Farmers Telephone Cooperative, Inc.
Ft. Mill Telephone Company
Home Telephone Company, Inc.
Lancaster Telephone Company
Lockhart Telephone Company
McClellanville Telephone Company
Norway Telephone Company
Palmetto Rural Telephone Cooperative, Inc.
Piedmont Rural Telephone Cooperative, Inc.
Pond Branch Telephone Company
Ridgeway Telephone Company
Rock Hill Telephone Company
Sandhill Telephone Cooperative, Inc.
St. Stephen Telephone Company
West Carolina Rural Telephone Cooperative, Inc.
Williston Telephone Company